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April 4, 2005

Gary M. Jackson Assistant Administrator for Size Standards Office of Size Standards Small Business Administration 409 Third Street, SW 101 N. Wilmot Rd., Sulte 600 Tucson, AZ 84711-3365

Re: Proposed Rulemaking Affecting SBIR Funding

Dear Mr. Jackson:

Washington, DC 20416

On behalf of Sertoli Technologies Inc., I want to thank you for the opportunity to comment on the Small Business Administration's (SBA) Advance Notice of Proposed Rulemaking (ANPRM) regarding the participation of businesses in the SBIR program that are majority-owned by one or more venture capital companies (VCC).

Sertoli Technologies typifies the small business that the SBIR program was created to help, a small business working to commercialize new technologies in biotechnology. Companies such as ours normally receive SBIR grants to fuel the research and development that lead to the commercialization of a technology. Along with future SBIR funding, our company hopes to receive additional crucial financial support from venture capital firms and other similarly situated entities. Without such financial support it is unlikely our technology would be fully commercialized. It is for this reason I believe it is vital that small businesses such as ours be allowed to participate in the SBIR grant program.

Sertoli Technologies has committed significant resources to develop and commercialize developing products to treat insulin-dependent diabetes and hemophilia, which have the potential to replace chronic drug therapy and provide more effective treatments.

We understand the 51% Rule now allows an SBIR award recipient to be owned by a VCC, as long as the VCC is itself owned and controlled by U.S. individuals. APT Pharmaceuticals has received funds, and expects to receive further funds, from VCCs that are not, in fact, owned or controlled by U.S. individuals. Some of these VCCs are, or could be owned by, a nonprofit entity such as a university or research institution. These entities may differ in structure or ownership from typical VCCs; however, they have similar objectives of encouraging product development by small companies. Additionally, most, if not all, nonprofit VCCs often make investments to advance the objectives of the Bayh-Dole Act. We firmly believe that companies in which nonprofit VCCs invest should be able to participate in the SBIR grant program. Thus, we believe

that the SBA should (1) provide an exclusion from affiliation with VCCs in determining small business eligibility and (2) include nonprofit related VCC entities within the scope of the definition of VCC considered by the SBA in its rule making.

I appreciate the opportunity to comment on this important matter.

Sincerely,

Shaun A. Kirkpatrick

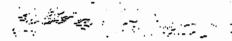
President

Sertoli Technologies Inc.



The cellular immunosciences company

101 North Wilmot Road, Suite 600 Tucson, AZ 85711-3365 Tel (520) 748-4470 fax (520) 748-0025



www.sertoli.com

FAX TRANSMITTAL

To: Gary M. Jackson, SBA, Assistant Administrator for Size Standards

From: Shaun A. Kirkpatrick, Sertoli Technologies Inc.

Fax number: 202-205-6390

Number of pages including cover: 2

Date: April 4, 2005

Message:

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